

Message Text

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ACTION EB-08

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FM AMEMBASSY BRASILIA

TO SECSTATE WASHDC 1295

INFO AMEMBASSY BOGOTA

AMCONSUL SAO PAULO

AMCONSUL RIO DE JANEIRO

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PASS MCCONNELL FAS/USDA

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E.O. 11652: N/A

TAGS: EPAP, BR

SUBJECT: COFFEE PRODUCTION

REF: (A) BRASILIA 1680 (B) BRASILIA 3029

1. SUMMARY: BASED ON FIELD TRIP OBSERVATIONS AGATT ESTIMATES 1977/78 COFFEE CROP AT 17-18 MILLION BAGS, UP FROM FAS ESTIMATE OF 9.5 MILLION BAGS FOR THE 1976/77 CROP. BRAZIL'S COFFEE TREES ARE GENERALLY IN EXCELLENT CONDITION REFLECTING CONTINUING HEAVY FERTILIZER APPLICATIONS AND GOOD CARE BY GROWERS. MOST OF THE TREES IN MINAS GERAIS AND SAO PAULO ARE NOW BEARING A MAXIMUM LOAD OF CHERRIES. END SUMMARY.

2. FAS COFFEE SPECIALIST WILLIAM BOWSER AND AGATT OFFICE BRAZILIAN COFFEE EXPERT LEON YALLOUZ ENDED 2 WEEK TRIP THROUGH ALL MAJOR COFFEE PRODUCING AREAS APRIL 22. GAO LIMITED OFFICIAL USE

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OFFICIALS OKEY THOMPSON AND KEITH SUTTON AND AGATT ACCOMPANIED MESSRS. BOWSER AND YALLOUZ ON MINAS GERAIS PORTION OF TRAVEL.

3. AGATT ESTIMATE OF 1977/78 COFFEE HARVEST NOW UNDERWAY IS 17-18 MILLION BAGS BROKEN DOWN AS FOLLOWS IN MILLION BAGS: SAO PAULO 7-7.5, MINAS GERAIS 6-6.5, PARANA 2, AND

OTHERS 2.

4. CURRENT BRAZIL COFFEE INSTITUTE (IBC) ESTIMATE OF 1977/78 CROP IS 14.8 MILLION BAGS BROKEN DOWN AS FOLLOWS: SAO PAULO 6.7, MINAS GERAIS 4.2, PARANA 2.1, AND OTHER 1.8. RECENT NEWSPAPER REPORTS INDICATE THE IBC PLANS TO REDUCE THIS ESTIMATE TO AROUND 13 MILLION BAGS, REPORTEDLY DUE TO LOSSES BELIEVED TO RESULT FROM UNUSUALLY HOT DRY WEATHER IN FEBRUARY AND EARLY MARCH.

5. MESSRS. BOWSER AND YALLOUZ OBSERVED COFFEE TREES IN GENERALLY EXCELLENT CONDITION REFLECTING CONTINUING HEAVY FERTILIZER APPLICATIONS AND GOOD CARE BY GROWERS. MOST OF THE TREES IN MINAS GERAIS AND SAO PAULO ARE NOW BEARING A MAXIMUM LOAD OF CHERRIES. UNUSUALLY HOT, DRY WEATHER FOR SEVERAL WEEKS IN FEBRUARY AND EARLY MARCH ADVERSELY AFFECTED FIELD CROPS SUCH AS RICE AND SOYBEANS BUT HAD NO NOTICEABLE EFFECT ON COFFEE TREES. THEIR DEEP, EXTENSIVE ROOT SYSTEM ENABLED THE COFFEE TREES TO WITHSTAND THIS WEATHER STRESS, AND ADEQUATE RAINFALL SINCE MID-MARCH HAS RESTORED SOIL MOISTURE TO NORMAL LEVELS.

6. AGATT WILL CONTINUE TO UTILIZE 9.5 MILLION BAGS PRODUCTION ESTIMATE FOR 1976/77 CROP IN THE SUPPLY DISTRIBUTION TABLE WHICH WILL BE SUBMITTED IN THE MAY COFFEE REPORT. THE IBC FINAL ESTIMATE OF THE 1976/77 HARVEST IS 6 MILLION BAGS.

7. IN AG. ATTACHE'S VIEW COFFEE STATISTICS CONTAINED REFTEL LIMITED OFFICIAL USE

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A AND RECENTLY RELEASED IBC STOCK FIGURES (REFTEL B) FULLY SUPPORT AGATT ESTIMATE OF 1976/77 CROP. WITH THE EXCEPTION OF PRODUCTION, ALL STATISTICS IN THE FOLLOWING SUPPLY-DISTRIBUTION TABLE FOR THE 12 MONTH PERIOD APRIL 1, 1976-MARCH 31, 1977 ARE IBC DATA. PRODUCTION IS THE RESIDUAL.

SUPPLY	MILLION BAGS
OPENING STOCKS	29.9
PRODUCTION	9.5
IMPORTS (ESTIMATE BASED ON AVAILABLE IBC DATA)	.1

TOTAL SUPPLY	39.5
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DISTRIBUTION

DOMESTIC CONSUMPTION	7.0
EXPORTS	17.2
ENDING STOCKS (SEE REFTEL B)	15.3

TOTAL DISTRIBUTION

39.5

8. ESTIMATES OF BRAZIL'S ANNUAL COFFEE CONSUMPTION VARY BETWEEN 6 AND 8 MILLION BAGS (REFTEL A). USE OF A 6 MILLION BAG DOMESTIC CONSUMPTION ESTIMATE IN THE ABOVE CALCULATION WOULD INDICATE 1976/77 PRODUCTION WAS 8.5 MILLION BAGS AND USE OF 8 MILLION BAGS CONSUMPTION WOULD PLACE LAST YEAR'S PRODUCTION AT 10.5 MILLION BAGS. AGATT BELIEVES DOMESTIC CONSUMPTION IS NOW RUNNING AT ABOUT 7 TO 7.5 MILLION BAGS ON AN ANNUAL BASIS BUT SINCE THERE IS NO WAY TO VERIFY ACTUAL CONSUMPTION, HAS ACCEPTED AND WILL UTILIZE FOR FAS STATISTICAL REPORTING PURPOSES THE 7 MILLION BAG ESTIMATE GIVEN TO EMBASSY OFFICERS BY IBC PRESIDENT CALAZANS ON MARCH 1 (REFTEL A).
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